

MINUTES

Citizen's District Council Meeting
City of Muskegon CDBG
Conference Room 203
Muskegon, Michigan
Tuesday, March 5, 2013

CALL TO ORDER

The meeting was called to order by the Chairman, Tom Pastoor at 5:40 p.m.

ROLL CALL

Roll call was taken by Laura Hichue

Present: Chris Carter, Addie Sanders-Randall, Tom Pastoor, Billie Quinn,
Lea Markowski, Rosalind Ford, Virgie Jackson
Absent: Lori Rasmussen
Staff Present: Oneata Bailey, Laura Hichue
Guest: Dr. Zawdie Abiade

APPROVAL OF MINUTES

Chris Carter made a motion to approve the minutes from the February 5, 2013, meeting. Addie Sanders-Randall seconded the motion which passed unanimously.

OLD BUSINESS

• CITIZEN PARTICIPATION PLAN

Oneata reviewed the changes that were discussed at the previous meeting to keep the membership of the CDC to 7 citizens instead of building back up to 9, having the quorum at 4 instead of 5. The membership would be 4 Ward representatives and 3 Citizens-at-Large. The change was currently out for public comment for people to understand that the Citizen Participation Plan was changing to 7 citizens.

NEW BUSINESS

• CHDO APPLICATIONS

Oneata explained to the board what the process was with the applicants coming before the council that evening. She stated that Habitat for Humanity was going to be the first applicant to present. Based on what was on their application for the 2013 budget year, starting July 1, they were proposing to build 2 affordable housing units in the City. She then stated Community Encompass would be 2nd and Trinity Housing 3rd.

Jodi Nichols, Executive Director of Habitat for Humanity of Muskegon County and Mike McIntyre, Building Coordinator for Habitat for Humanity introduced themselves and were introduced to each council member.

Jodi stated that they had plans for 2 construction projects in the Lakeside Neighborhood and they were requesting \$39,000 to help fund the infrastructure portion of the 2 new homes. Habitat received 2 donated properties where they will be building the new

homes. She explained that they will be sold to low-income families with a zero-interest loan to make them affordable. The \$39,000 will be used for infrastructure costs that are usually not covered by grants or other programs. These include excavating, utilities hookups, permits, energy-efficient foundation, driveways and sidewalks.

Jodi explained the advantages of new construction rather than rehabilitation; the costs are sometimes actually lower than rehabbing; the end product is better for the family; there are many things that cannot be done with volunteers when rehabbing because of safety reasons.

She explained Lakeside was chosen because of the donated properties and also the impact it may have on a neighborhood with home-ownership and that Lakeside was gaining in rental properties.

Jodi passed around a photo collage of properties where they have demolished old houses and constructed brand new homes to emphasize what new construction can provide to a neighborhood.

She further stated that the median property values in the City of Muskegon are \$74,000; Habitat for Humanity properties normally have appraised values of \$85,000 or more which would strengthen the neighborhood with higher property values.

Jodi stated the families that donated the properties, on Grove and on Leon, were anxious to have Habitat build there and the community had inquired when they were going to build in Lakeside.

She then passed out a flyer about the Habitat ownership program. Habitat serves those at the 25% - 50% (up to 60%) area median income level. Jodi also explained the impact home-ownership has on families and the positive affect on children and a sense of stability.

Jodi explained that the monthly payment for an \$85,000 mortgage is usually less than \$500, and that includes taxes and insurance. There is no interest and in 20 years they own the home outright. The homes are also being built as Energy Star efficient and save money for the owners on their utility bills. Mike McIntyre stated the average combined electrical and gas bills are less than \$100.

Jodi stated the homebuyer goes into a 20 year partnership with Habitat, including taking financial management classes, homeownership classes, and building the home with the volunteers which makes it more of an investment on the buyer's part. There also are tax revenues coming into the City and local contractors are used.

Chris Carter asked if different site plans would be used for each location.

Mike McIntyre stated they try to fit the site plan with the design of the neighborhood and give it curb appeal. The size of the house is as small as local code allows and they are barrier free with a ramp or sidewalk usually on the rear of the house, doors are barrier free width as well as interior items that meet barrier free.

Chris asked if a decision had been made on what type house they were going to build on the sites.

Jodi explained they have not done the screening process yet and stated how that was performed. The construction depends on the size of the families selected and their needs. The funds would be used between the two house proposed.

Chris asked if they still did student-build houses.

Jodi explained that Habitat no longer did that but have partnered with Career Tech Center and they had their own program. Community volunteers and the owner(s) would be doing much of the labor.

Mike McIntyre explained that the houses were constructed with possibility to grow with a bath roughed-in in the basement and an egress window.

Commissioner Markowski asked if appliances were included.

Jodi stated a stove and refrigerator are provided by Whirlpool with opportunity to purchase additional ones, such as a dishwasher or washer/dryer as part of the interest free mortgage. .

Commissioner Markowski asked if Habitat homes conform to LEED.

Mike stated they all probably would be but they don't pay to get LEED certified; the homes are constructed to National Green-Build Standards. LEED certification usually costs around \$2000 and that would decrease savings for the homeowner, but the energy efficiency directly saves the homeowner money.

Jodi and Mike thanked the council for their time to listen to their presentation.

The next applicant to present was Virginia Taylor from Community Encompass. The agency is requesting \$70,000 in HOME funding. She was introduced to the council members.

Virginia gave a brief background presentation of what her organization is about. Since 1997 they have focused mainly on providing affordable rental and transitional housing. They have been primarily in McLaughlin neighborhood with some in the Nelson and Angell neighborhoods. The agency acquires properties through donations, CDBG HOME Funds and MSHDA programs and turns them into safe, affordable homes. Prospective tenants are assigned a case manager and are encouraged to become involved with the neighborhood.

Virginia stated that they do not do just rentals; some of the MSHDA funds have been used to do moderate rehabs, primarily in the Nelson neighborhood, for homeowners. They have assisted seniors and owners with disabilities and they partner with other agencies to get the home livable.

She stated they have also done 3 NSP home projects in the McLaughlin Neighborhood. Two of them have been sold and one is currently for sale. They have also applied this year to do an Acquisition Rehab-Sale home. It will provide home-ownership for the neighborhood.

She reviewed how 2 years ago they rehabbed a home on Fifth Street and some others in the area and the impact it had on the neighborhood.

The \$70,000 they are requesting will be used towards the purchase of a building on Terrace Street across from City Hall. They have also applied for the Mortgage Settlement Funds through MSHDA and have a purchase agreement in place. Their vision is to have community space in the lower level for their citizens to gather and provide rental units. The MSHDA funds would be used to purchase the building and provide market rate rentals units and with the HOME funds renovate 2 units and make them affordable. This would provide different levels of income in the building. If they do not receive the MSHDA funds, the \$70,000 would be used to purchase other properties throughout the McLaughlin and Nelson neighborhoods that need repair and renovate them.

Virginia stated they would like to create more one-bedroom units as the demand is quite high for that. They also can use some of the HOME funds for a match with MSHDA funds and connect it with other grants.

Mr. Pastoor asked how many units would be in the building on Terrace Street. Virginia stated there are four one-bedroom units and would not require a lot of remodeling. They also would like to use part of the building for maintenance and training. She stated if they don't receive the MSHDA funds for purchasing the Terrace Street building, there are many other uses for the HOME funds.

Virginia stated that 100% of the HOME funds from the City would be used to renovate 2 units in that building; no part of those funds would be used for acquisition.

Mr. Carter asked what their intent was for the entire building – if their offices would be moving there and would the income from the rental units pay for the lower level.

Virginia stated they would not move their office to that location although some staff may be there for different things and the income from the rental units would maintain the lower level. They may have another type of use for one portion of the lower level.

Mr. Carter asked if there were specific projects targeted for use of the \$70,000 HOME funds if they don't proceed with the Terrace Street building.

Virginia stated they have a list of properties available they are interested in and would probably use the HOME funds to purchase and rehab a multiple unit building.

Mr. Carter asked if they think they could support a community center at the Terrace Street building financially.

Virginia stated it would be more of a training center rather than a community center. They may also provide space for neighborhood citizens to use. They could also rent out one of the spaces on the first floor if more funds are needed. She also stated that if they did get the MSHDA funds, they would have more in reserve to draw from to make it a viable project.

Commissioner Markowski asked if Community Encompass included appliances with their rentals.

Virginia said they did provide appliances and that included washers and dryers in most, however theft has become a problem. She further stated Sacred Suds Laundromat is

available in the neighborhood for \$1.00 to wash and dry including soap. If they do acquire the Terrace Street property, there would be a washer and dryer available for free in the basement and storage units in the basement.

The next applicant was introduced.

Effie Grandberry and Judith Transue representing Trinity Housing introduced themselves to the council members.

Mr. Pastoor stated they were requesting \$54,000 in HOME Funds and asked them to explain their plans for the funds.

Judith stated that there were two things the money would be used for. A portion of the funds would be matched with NSP Program income from the County to acquire, rehab and sell 2 tax-foreclosed homes. They are targeting Marquette Neighborhood area to continue renovations in that area from the Oakview/Sheldon Park Neighborhoods. Part of the HOME funds would be used for the acquisition and soft costs involved with purchasing 2 properties. The rehab would be paid by program income.

The second use of the HOME funds would be to organize a homebuyer education/financial literacy program. They would like to expand the opportunities for homebuyer education and part of the funds would be used to pay for a National Training and Certification program through NeighborWorks, a national training program company. The program would focus on the mortgage process, financial literacy, budgeting and include counseling and credit restoration, which has become a critical issue in the community.

Mr. Pastoor asked what the breakdown of the \$54,000 would be.

Judith explained the costs of different programs.

Oneata explained that all purchasers in the City of Muskegon, Habitat for Humanity, Community Encompass homebuyer programs are required to take a pre-purchase class and the proposed Program would be a second alternative to the MOCAP education class.

Effie stated it would give another alternative and provide additional assistance with counseling and credit restoration.

Mr. Carter asked if anyone would be able to take the program or do they have to be purchasing a home.

Effie said even if they are not buying a home, they can take the education program. If you are an applicant for a purchase, the program will be free.

Mr. Carter asked what the \$1500 cost would be for.

Judith explained that it would be for the training and certification of Effie to be able to facilitate the program. The program would be funded with MSHDA and fees.

Commissioner Markowski asked if there were income limits for participants of the homebuyer education class or credit counseling.

Effie explained that income limits would be for those purchasing a home.

The focus would be for those wanting to buy a house and needing to repair their credit.

That completed the presentations by the applicants.

Mr. Pastoor asked what did the group want to do and was there a time commitment made to the applicants when the decisions would be made.

Oneata said there was not but it should be made by the next meeting.

Discussion took place as to what date the next meeting will be due to Spring Break being the week of the next scheduled meeting. The decision was to meet on Thursday, April 11, 2013, at 5:30 p.m.

Mr. Carter asked what the total amount to be allocated.

Oneata stated possibly around \$200,000 with \$20,000 committed for HOME Administration, leaving \$180,000 to be allocated out. Also, rental rehab would come out of that and any construction the City may do. With sales of the remaining homes the City has, there would be program income to help fund future projects.

Commissioner Markowski asked what the amount was needed for the City's portion of the funds.

Oneata stated approximately \$40,000, for administration and rental rehab.

Mr. Pastoor questioned Trinity Housing's request if there was a need for that type of program when there are others in place that are similar. He also questioned the request from Community Encompass to have a barrier free accessible unit on the 2nd floor of the Terrace Street building how that would be possible.

Rosalind Ford moved to table discussion and decisions on the proposals until the April 11, 2013 meeting.

Billie Quinn seconded the motion which carried unanimously. Included in the motion was to table the rest of the March meeting's agenda until April.

Oneata stated that the 2013 Proposed Action Plan may be ready for review at the April meeting also and the 3 proposals may be included but there won't be a budget until the plan has been voted on.

Discussion took place regarding the various projects each agency has done and Oneata said she would include some pictures of the finished houses in the packets.

The meeting adjourned at 7:05 p.m.

